GOVERNMENT OF ANDHRA PRADESH
ABSTRACT

MA & UD Department – Urban Local Bodies – Comprehensive Guidelines on Utilization of Municipal Funds by the Urban Local Bodies (ULBs) for Maintenance Expenditure and Capital Expenditure to ensure efficient financial management and service delivery across all ULBs – Orders – Issued.

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MUNICIPAL ADMINISTRATION AND URBAN DEVELOPMENT (Bud) DEPARTMENT

G.O.MS.No. 75 **Dated: 28-04-2025**

Read the following:-

1. Announcement of Hon'ble Finance Minister during Budget Sessions, 2025-26, on 28.02.2025.
2. From the Commissioner and Director Municipal Administration, A.P, Lr. RoC.No.14034/58/2025/K1, Dated: 26-03-2025.

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ORDER:

Government of Andhra Pradesh has created a roadmap for the holistic development of the State under the vision Swarna Andhra@2047, aligning with the nation's vision of Viksit Bharat@2047. To achieve the Vision, Andhra Pradesh aspires to grow the GSDP by more than 15% annually. The mission of the Government is to "transform vision into reality" through an actionable, measurable, time-bound and cluster-based development approach with defined result-based indicators, for which Urban Local Bodies as Growth Hubs play a crucial role.

2. In order to strengthen the Urban Local Bodies, as per the directions of Honourable Chief Minister, the Honourable Finance Minister, Government of Andhra Pradesh announced during the Budget Sessions held on 28.02.2025 that the control over the release of Municipal funds would be transferred to the respective Urban Local Bodies with an aim to enhance service delivery and ensure prompt Urban Citizen Services.

3. To ensure the effective & optimum utilization of Municipal Funds from 1st April, 2025 on wards, it is imperative that a structured framework for utilization, monitoring and regulating expenditures be put in place. Accordingly, the Commissioner and Director, Municipal Administration, submitted a proposal to the Government and has requested to issue necessary orders in this regard.

4. Government, after careful examination, have decided to issue comprehensive guidelines on Utilization of Municipal Funds by the Urban Local Bodies (ULBs) for Maintenance Expenditure and Capital Expenditure.

Article 243W of Constitution of India, as outlined in the Twelfth Schedule, defines the powers, authority and responsibilities of Municipalities. It assigns 18 functions to Urban Local Bodies. Among these, some of the key functions which require strategic financial planning are;

i. Construction of Roads and Bridges
ii. Water Supply for domestic, industrial, and commercial purposes
iii. Public Health Sanitation, Conservancy and Solid Waste Management
iv. Slum improvement and up-gradation
v. Provision of urban amenities and facilities such as parks, gardens, playgrounds
vi. Burials and burial grounds, cremations, cremation grounds and electric crematoriums
vii. Public amenities including street lighting, parking lots, bus stops, and public conveniences.

The expenditure being incurred in providing the above functions by the Urban Local Bodies are broadly categorized into two types:

1. Maintenance Expenditure – Recurring costs for essential services
2. Capital Expenditure - Long-term investments in infrastructure.

Part -1: The following table outlines **key maintenance expenditures & non-negotiables of priority sectors** that shall be followed by all Urban Local Bodies in the State without any deviations:

Expenditure Head	**Type of Expenditure**	**Non-negotiables**
Public Health, Sanitation & Solid Waste Management.	Expenditure relating to Public Health Workers & other Sanitation Staff, Machinery & Equipment engaged in Public Health, Sanitation & Waste Management activities (Solid, Liquid etc.) and other related activities: 1. Wages to Outsourcing Public Health Workers engaged in door-to-door waste collection, street sweeping, drain desilting, and waste segregation activities, Helpers and Drivers of ULB owned Primary Collection & Secondary Transportation Vehicles. 2. Monthly O&M Charges payable towards deployment & operation of Garbage Auto Tippers engaged for Door-to-Door collection of Waste. 3. Fuel, Periodic servicing, spare parts replacement, Insurance & Road Tax and breakdown repairs to ULB owned Primary & Secondary Transportation Vehicles.	1. 100% Door to Door Collection of Municipal Solid Waste. 2. 100% identification & clearance of garbage vulnerable points within 24 Hours. 3. Regular cleaning of all roads & drains. 4. 100 % Management of Stray Animals. 5. Prevention of vector borne diseases (mosquito eradication)

	4. Hire Charges for additional Garbage transport vehicles. 5. Procurement of Safety Gear for Workers – Purchase of Uniforms, Gloves, Soaps, Coconut oil, Masks, Gumboots, Helmets, Safety harnesses and gas detectors etc., for Sanitation workers as applicable & to the Sewer Workers as per National Human Rights Commission (NHRC) directions etc. 6. Procurement of Sanitation /Conservancy Material - Purchase of Disinfectants, Phenyl, Bleaching powder, Brooms and other cleaning materials. 7. Prevention of Epidemics – Public health expenditures for fogging, spraying of disinfectants, and expenditure on management of outbreak of Water & Vector borne diseases. 8. Desilting of Drains & Sewer Cleaning – Regular desilting of minor and major storm water drains to prevent water stagnation and vector breeding. 9. Stray Dogs/Animals Sterilization Charges – Expenses for Animal Birth Control (ABC) and Anti-Rabies Vaccination (ARV) programs. 10. Repairs & Hygienic Maintenance of Community & Public Toilets. 11. Maintenance activities related to Air Pollution. 12. IEC & Capacity Building Activities on Waste Management Activities, etc. 13. Monitoring & Surveillance of Waste Management Activities – Implementation of monitoring systems, GPS tracking of Garbage Vehicles, and Real-time waste processing data collection etc.	6. 100% implementation of the "Prohibition of Employment as Manual Scavengers and their Rehabilitation Act, 2013" (MS Act, 2013)

Water Supply	1. Power Charges for Water Pumping 2. Wages to Outsourcing workers who are involved in Water Supply 3. Water purification charges i.e., for alum, bleaching powder & etc., 4. Water testing and inspection charges 5. Water Supply Material 6. Water Supply Lines - Repairs and Maintenance 7. Repairs and Maintenance of Reservoirs, Tanks and Open/Bore Wells 8. Fuel to Water Supply Vehicles	1. 100% protected Water supply to all Households. 2. Regular tank cleaning 3. Zero tolerance on leakages and water borne diseases.
Streetlights	1. Power Charges for Street Lighting 2. Wages to Outsourcing workers who are involving in Street lighting function. 3. Pole shifting charges 4. Procurement of Street Lighting Material 5. Street Lighting - Repairs and Maintenance	1. 100% functioning of all street lights
Roads & Drains	1. Repairs and Maintenance costs all types of Roads, footpaths and pavements under the limits of the ULB. 2. Repairs and Maintenance of drains/sewerage lines, Culverts	1. Pot-hole free roads 2. Well maintained drains 3. No water stagnation
Under Ground Drainage	1. Wages to Outsourcing Under Ground drainage workers and Drivers of UGD vehicles 2. Power Charges towards STPs / FSTPs 3. Fuel to UGD Vehicles 4. Hire Charges of Gulper, Suction cum jetting machines or any others 5. Repairs & maintenance of UGD pipelines bills 6. Uniforms & safety equipment to UGD workers 7. IEC activities	1. 100 % maintenance of UGD system

Parks and water bodies	1. Repairs and Maintenance of all parks, play grounds & sports stadiums including the open gym equipment	1. Clean & Green parks with proper facilities 2. Providing pollution free and Healthy environment
Immoveable Properties	1. Repairs and Maintenance of office buildings, School Buildings, Commercial Complexes, Shop rooms, Markets, Community buildings/Toilets, Shadi Manzils, Burial Grounds, Anna Canteens, Parking lots and any other Municipal Properties	1. Regular maintenance of buildings to ensure for safety & structural stability
Miscellaneous	1. Wages to Outsourcing Data entry operators, Data Processing Officers, Office Subordinates and other workers 2. Rents for Hired Premises 3. Rents for Ward Secretariat Buildings 4. Telephone Charges 5. Mobiles Charges 6. Leased Lines & Internet Charges 7. Newspapers & Journals 8. Printing & Stationery 9. ERP User Charges 10. Computer Consumables 11. Ex-gratia/obsequies charges 12. Legal Fees 13. Consultancy / PMU charges 14. CC Cameras maintenance 15. Traffic Signals maintenance 16. Honorarium/Conveyance 17. Allowance to Mayor/Chairman and Corporates /Councillors	

NOTE: Urban Local Bodies (ULBs) shall ensure that the 1st charge of expenditure shall be on the Electricity dues including street lighting program and water supply. If these bills are pending, then other bills shall not be cleared. The electricity payments must be made monthly.

Part 2: The following table outlines the **Capital expenditures and non-negotiables of the of priority sectors** concerned that shall be followed by all Urban Local Bodies in the State without any deviations.

Expenditure Head	Type of Expenditure	Target/Non-negotiables
Public Health, Sanitation & Solid Waste Management.	1. Acquisition of Lands for Dumping Yards – Procurement of land for scientific solid waste disposal sites. 2. Establishing Solid Waste Processing Units – Setting up composting plants, windrow composting, bio-methanation plants, waste-to-energy plants, and other waste processing units. 3. Legacy Waste Processing & Land reclamation. 4. Procurement of Garbage Transport Vehicles – Purchase of Compactors, Dumper placers, Hook loaders, and other bulk waste carriers. 5. Dumper Bins & Sanitation Equipment 6. Dumping Yard Machinery – Procurement of bulldozers, loaders, compactors, and excavators for landfill management. 7. Procurement of Fogging Machines – Purchase of handheld and vehicle-mounted fogging machines for mosquito	1. 100% Processing of Municipal solid Waste. 2. Clearing all legacy waste before 2nd Oct 2025. 3. Restoration of the dump yards to valuable assets/ parks/ etc 4. No dump yards and not to create any fresh legacy wastes. 5. Adoption of sustainable and eco-friendly waste management practices.

	and vector control. 8. Sewerage Treatment Plants (STPs) – Investment in modern STPs for wastewater treatment and reuse. 9. Construction of Garbage Transfer stations. 10. Installation of CC TVs at Dump sites /Processing Sites. 11. GPS & Real-time tracking of garbage collection vehicles etc.	
Water Supply	1. Acquisition of Land for construction of Summer Storage tanks & Filtration tanks 2. Augmentation of source & filtration plants, Water Main lines & distribution lines 3. Construction of Elevated Level Service Reservoir (ELSR)/ Ground Level Storage Reservoir (GLSR). 4. Procurement of Water tankers & Water Meters	1. Extension of Water supply lines and other infrastructure to ensure 100% protected water supply. 2. Reduce leakages, and NRW 3. Optimization of water tax
Streetlights	1. Procurement of Street Lighting Poles, Equipment, Solar Panels and laying of lines.	1. Extension of street lights and other infrastructure to ensure 100% coverage. 2. Smart metering and sensor based street light management
Roads & Drains	1. Construction of all types of Roads, Drains, Footpaths, Pavements, Bridges, Culverts and etc.,	1. Improved urban connectivity 2. Accessible pavements and footpaths
Under Ground Drainage	1. Construction of New STPS / FSTPs	1. 100 % functioning of UGD network

	2. Laying UGD network, Manholes etc., 3. Procurement of Desludging Vehicles & Other UGD vehicles	
Parks and water bodies	1. Acquisition of open lands for Parks, Play Grounds, Play & Sports equipment, Gym equipment, Tree Guards and required infrastructure	1. Proper & enhanced recreation facilities.
Immoveable Properties	1. Acquisition of Land, Open Space, Burial Ground and other administrative purposes 2. Construction of office buildings, School Buildings Commercial Complexes, Community Halls, Guest Houses, Staff Quarters, Community Halls & Toilets, 3. Development of Burial Grounds etc.,	1. Strengthened municipal infrastructure 2. Proper maintenance and protection of municipal properties. 3. Monetisation of Municipal assets for revenue augmentation
Miscellaneous	1. Procurement of furniture, fixtures, & fittings like Cabinets, Partitions, Fans, Tables, Chairs, Bureaus and etc., 2. Procurement of electrical appliances like Computers, Xerox Machines, Printers, Scanners, Mobiles, UPS, Generators, Network equipment, Air Conditioners and etc., 3. Installation of CC Cameras 4. Installation of Traffic Signals	1. Healthy and comfortable working environment for the staff. 2. People friendly and comfortable office space for citizen visiting Municipal offices. 3. Improve productivity of staff 4. Ensure public satisfaction in service delivery

Part 3: To ensure sustainable financial management & stability of the ULBs as well as to deliver enhanced & effective services to the Citizens, ULBs shall allocate their Own Revenues for both Maintenance & Capital Expenditures. Accordingly, the following **minimum percentage for Capital expenditure** basing on the grade of the ULBs is recommended.

S.No.	Grade of the ULB	Minimum allocation to Capital Expenditure from ULBs Revenue Receipts
1	Municipal Corporations	30%
2	Selection & Special Grade Municipalities	28%
3	Grade - I & II Municipalities	25%
4	Grade – III & Nagara Panchayats	20%

Part 4: As per Section 127 of the Public Health Act, 1939, every Municipality shall earmark not less than 30% of its income from all sources other than Government grants for expenditure on the advancement of public health in its local area including expenditure on medical relief.

Part 5: In respect to Capital Expenditure, the Government has already issued orders vide G.O. Ms. No. 157 M.A., dated 08.04.1986 that the ULBs shall allocate its reserve funds to capital works were as follows:

S.No.	Particulars	Allocation percentage
1	Water Supply	20
2	Drainage	13
3	Roads	19
4	Street Lights	7
5	Recreation facilities	10
6	Markets, Buildings, Community Halls & toilets	17

Part 6: The Government has given guidelines on expenditure to be allocated in the Municipal Budget at various times which were as follows, shall also be followed scrupulously:

I. As per G.O. Ms. No. 265 & 397 of MA & UD Dept., dated 19.07.2004 & 25.09.2004 respectively, the Municipalities/Municipal Corporations shall use 40% of their net funds in all the slums to improve the living standards of the urban poor providing basic infrastructure,

amenities and creating income generating opportunities for enhancement of livelihoods.

II. As per G.O. Ms. No.265 MA dated 19-7-2004, 15%, 7.5%, and 5% of the developmental expenditure has to be earmarked in the Budget estimate for the development of Schedule Castes areas, Scheduled Tribes areas, and welfare of Women and Children respectively.

III. Later, in G.O. Ms. No. 17, Planning (VIII) Department, dated 07.08.2014, the Percentage of allocation in total Annual Plan Outlay for Scheduled Castes Sub-Plan (SCSP) is 17.10 % and Tribal-Sub-Plan(TSP) is 5.33%.

IV. Further, Government in Memo No. 13141/TC.2/2009.2 MA&UD Dept., dated 15.10.2009 issued orders that to keep the balance at any time under Municipal General Funds - 002 PD Account equal to three months' electrical charges and to utilize the remaining amount for any other purposes.

Now, all Urban Local Bodies are hereby advised to follow the allocation percentage as indicated below for maintenance expenditures & non-negotiables of priority sectors from the GENERAL FUNDS without any deviations.

S.No.	Particulars	Allocation percentage
1	Water Supply	20
2	Sanitation and drainage	27
3	Roads	19
4	Street Lights	7
5	Recreation facilities	10
6	Markets, Buildings, Community Halls & toilets	17

Part 7: Apart from the Municipal Own funds, the ULBs are also getting grants from the Central Government, Finance Commissions, GOI Schemes, and from State Government.

In this regard, directions are issued as follows:

I. **In respect of Scheme Funds:** Expenditures must adhere strictly to the guidelines of the respective schemes.

II. **Other Grants:** If designated for a specific purpose must be used accordingly. If unspecified, fund utilization should align with the resolution of the respective Municipal Council/Corporation or as instructed by the Government.

Part 8: **Release of Bills:**

I. The funds shall be maintained in the PD accounts of the concerned Urban Local Body.

II. Uploading of the bills of own general funds of the Urban Local Bodies in the CFMS system and audited by the PAO office as is being done currently.

III. Payments generated from own general funds of the Urban Local Bodies will be allowed to be cleared immediately as and when the bills are presented and passed in CFMS.

IV. Payments in other Municipal PD accounts - Existing procedure to be followed.

Part 9: **Special Mechanism for Regulating and Monitoring of Expenditures:**

I. To ensure mechanism of checks and balances are put in place, it is necessary to review the ULBs expenditures regularly. Accordingly, Commissioner & Director of Municipal Administration, A.P., shall conduct a fortnightly review of expenditure made by ULBs, while the Government shall review them on a monthly basis.

II. To facilitate expenditure monitoring at the state level, a dedicated dashboard will be developed to automatically fetch data from the ERP application.

III. Further in this regard, the Commissioners of all ULBs shall follow that;

i. They must ensure that all types of bills are processed mandatorily through the ERP application in real time.
ii. No payments should be made without being processed through the ERP system.
iii. API integration of payments to ERP system to be done accordingly.
iv. Additionally, the Commissioners of ULBs, should instruct the respective functionaries to exercise due diligence while selecting the Chart of Account (COA), Function, and Department during bill processing to ensure accurate and timely reporting.
v. All work bills shall be processed through NIDHI portal work management module.

5. The Commissioners of ULBs are requested to follow the above instructions with immediate effect.

6. The Commissioner & Director of Municipal Administration is requested to take necessary action in this regard immediately.

7. This order issued with the concurrence of Finance Department vide their U.O.No.FIN01-FMU0MISC/161/2025-FMU-EFS-MAUD, dt:21.04.2025, (2777496).

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

S SURESH KUMAR
PRINCIPAL SECRETARY TO GOVERNMENT

To
All the Commissioners of ULBs
The Commissioner & Director of Municipal Administration, AP, Vaddeswaram.
Copy to:
P.S.to Hon'ble Minister (MA&UD)
PS to Principal Secretary to Government, MA&UD Department.
SF/SCs

//FORWARDED :: BY ORDER//

SECTION OFFICER